

# THE NATIONAL ARCHIVES FEDERAL REGISTER OF THE UNITED STATES

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Washington, Thursday, August 15, 1940

## The President

### EXECUTIVE ORDER

#### REGULATIONS PERTAINING TO BUDGETARY ADMINISTRATION AND FINANCIAL REPORT- ING

By virtue of the authority vested in me by the Budget and Accounting Act, 1921, approved June 10, 1921 (42 Stat. 20), and as President of the United States, I hereby prescribe the following regulations with respect to the compilation and reporting of information on the financial condition and operations of the Government and with respect to the budgetary control of expenditures:

SECTION 1. The term "agencies" as used in this order shall include executive departments and independent establishments and corporations in which the United States has a proprietary interest, direct or indirect, except Federal savings and loan associations and those corporations in which the proprietary interest of the United States is evidenced only by preferred stock or capital notes acquired through the Reconstruction Finance Corporation or production credit corporations.

SECTION 2. The Secretary of the Treasury shall prepare and transmit to the Director of the Bureau of the Budget, for the information of the President, such financial reports as may be necessary or desirable to make known in all practicable detail the financial condition and operations of the Government and its various agencies; and he shall prepare and furnish to the Director of the Bureau of the Budget such other reports relating to the financial activities of the Government and the status of appropriations or funds and the apportionments thereof as the Director may require for the compilation of the budget or for other purposes of budgetary administration. The above-described reports shall relate to such periods of time as the Director of the Bureau of the Budget may designate and shall include such information as the Director may determine to be necessary

and desirable for adequate budgetary and executive control.

SECTION 3. The Secretary of the Treasury shall establish, as soon as practicable, and maintain such accounting records as are necessary to coordinate and integrate the financial data reported by agencies as required herein with the financial data of the Treasury Department and to provide a basis for the expeditious compilation and prompt submission of the financial reports required to be furnished to the Director of the Bureau of the Budget. These accounting records shall be operated, on the double-entry principle of bookkeeping, as a summary but complete system of central accounts for the entire Government; and they shall be so established by the Secretary of the Treasury as to effect suitable coordination with the accounting systems prescribed by the Comptroller General of the United States under authority of section 309 of the Budget and Accounting Act, 1921.

SECTION 4. The several agencies shall furnish the Secretary of the Treasury such information and data relating to their financial condition, activities, and operations as may be required to enable the Treasury Department to maintain the accounting records and prepare the financial reports necessary for compliance with the provisions of this order, and shall furnish such information relative to their accounting principles and practices as the Secretary of the Treasury may require for the proper processing of the data reported by such agencies.

SECTION 5. The head of each agency shall, under such rules and regulations as the Director of the Bureau of the Budget may prescribe, submit to the Bureau of the Budget recommendations for the apportionment of each appropriation made to such agency, and such apportionments, when approved by the Director, shall be binding upon the agency concerned in controlling its budgetary plans and rate of expenditures, subject only to revision of such apportionments by the Director. No agency shall make expenditures or involve the Government in any contract or other obligation for the future payment of money in excess of the amount currently available therefor under the

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apportionments so approved or revised: *Provided*, however, that such apportionments may be exceeded when such action is necessary to prevent the loss of life or Government property; and in such cases the head of the agency concerned shall promptly justify such action in writing to the Director of the Bureau of the Budget. The provisions of this section shall be applicable to the amounts made available by the Congress for the administrative expenses of governmental corporations.

**SECTION 6.** The following specific requirements shall be observed by all agencies in reporting the financial data required under the provisions of this order:

(a) The reports of financial condition and operations shall reflect all uncollected revenues and other amounts owed to the Government, whether assessed, due, or accrued, and also all bonded or other indebtedness of the Government, whether due or accrued, including all current liabilities. Such reports shall also reflect, so far as ascertainable, all contingent liabilities of the United States and its corporate and other instrumentalities.

(b) A uniform accounting terminology and uniform classifications of assets and liabilities, and revenues and expenditures shall be employed. Such classifications shall, so far as practicable, distinguish between expenditures which are of a recoverable nature, such as loans and investments, and those of a nonrecoverable nature.

(c) Uniform standards shall be employed, to the fullest extent practicable, in the valuation of assets and the determination of liabilities and the treatment of revenues and expenditures in relation thereto.

(d) The data shall be compiled on the basis of the accounting records of the respective agencies, or shall be susceptible of ready reconciliation therewith.

**SECTION 7.** The uniform terminology, classifications, principles, and standards referred to in this order shall be established by the Secretary of the Treasury with the approval of the Director of the Bureau of the Budget and shall be observed by all agencies in the financial reporting required by this order.

**SECTION 8.** The Director of the Bureau of the Budget is authorized, in accordance with the provisions of section 213 of the Budget and Accounting Act, 1921, to analyze the financial records of any agency in order to secure such information as the Bureau of the Budget may require for the formulation or revision of reporting requirements or for assuring compliance therewith.

**SECTION 9.** Executive Orders No. 5614 of May 1, 1931, No. 6226 of July 27, 1933, No. 6869 of October 10, 1934, No. 7126 of August 15, 1935, as amended, and all other orders or parts thereof inconsistent with the provisions of this order are hereby revoked.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,  
August 13, 1940.

[No. 8512]

[F. R. Doc. 40-3384; Filed, August 14, 1940;  
9:31 a. m.]

## Rules, Regulations, Orders

### TITLE 7—AGRICULTURE

#### CHAPTER III—BUREAU OF ENTOMOLOGY AND PLANT QUARANTINE

[B.E.P.Q. 485, Sixth Revision<sup>1</sup>]

#### ADMINISTRATIVE INSTRUCTIONS—REMOVAL OF WHITE-FRINGED BEETLE CERTIFICATION REQUIREMENTS UNTIL FEBRUARY 1, 1941, FOR SPECIFIED ARTICLES

(a) Pursuant to the authority conferred upon the Chief of the Bureau of Entomology and Plant Quarantine by the second proviso of § 301.72, Chapter III, Title 7, Code of Federal Regulations [Notice of Quarantine No. 72, on account of the white-fringed beetle] all certification requirements are hereby waived until February 1, 1941, for the following articles enumerated in § 301.72-3 [Regulation 3 (a) and (b)] when free from soil and when sanitation practices are maintained to the satisfaction of the inspector and when moved interstate from the regulated areas, or parts of the areas listed below:

(1) When moved interstate from any regulated area, certification requirements are waived for the following articles:

Baled cotton lint, and linters.  
Cottonseed when free from gin trash.

<sup>1</sup> Fifth revision appears at 5 F.R. 1944.

(2) When moved interstate from the regulated parts of the following counties: In *Alabama*, Mobile County; in *Florida*, Escambia County; in *Louisiana*, East Baton Rouge Parish; in *Mississippi*, counties of Jackson, Hinds, and Pearl River; certification requirements are waived for the following articles:

Potatoes and sweetpotatoes.

Sweetpotato vines, draws, and cuttings.  
Cordwood, pulpwood, stumpwood, and logs.

Used or unused lumber, timbers, posts, poles, crossties, and other building materials.

Hay, roughage of all kinds, straw, leaves, and leafmold.

Peas, beans, and peanuts in shells, or the shells of any of these products.

Seed cotton.

Used implements and machinery, scrap metal, junk, and utensils or containers coming in contact with the ground.

Brick, tiling, stone, and concrete slabs and blocks.

Nursery stock and other plants, which are free from soil.

(3) When moved interstate from the parishes of Saint Bernard and Orleans (including the city of New Orleans) and from the regulated parts of the parishes of Jefferson and Plaquemines in *Louisiana*, certification requirements are waived for the following articles:

Potatoes and sweetpotatoes.

Sweetpotato vines, draws, and cuttings.  
Cordwood, pulpwood, stumpwood, and logs.

Unused lumber, timbers, posts, poles, and crossties.

Hay, roughage of all kinds, straw, leaves and leafmold.

Peas, beans, and peanuts in the shells, or the shells of any of these products.

Seed cotton.

It has been determined that the application of control measures, the maintenance of approved sanitation practices, and natural conditions have so decreased the intensity of infestation of the white-fringed beetle as to eliminate the risk of contamination with the egg or adult stage, thereby justifying modification of certification requirements as set forth above.

(b) All articles designated in Section 301.72-3 [paragraphs (a) and (b) of Regulation 3 of Quarantine No. 72] for which certification requirements are not hereinabove waived, shall remain under the restrictions of that regulation during the period covered therein.

This revision supersedes all previous issues of Circular B.E.P.Q. 485.

Done at Washington, D. C., this 9th day of August 1940.

[SEAL]

LEE A. STRONG,  
Chief.

[F. R. Doc. 40-3383; Filed, August 13, 1940;  
3:36 p. m.]



## TITLE 9—ANIMALS AND ANIMAL PRODUCTS

## CHAPTER I—BUREAU OF ANIMAL INDUSTRY

[Amendment 13, B.A.I. Order 211, Revised]

## ORDER AMENDING REGULATIONS RELATING TO MEAT INSPECTION BY ADDING DEFINITIONS FOR LARD AND RENDERED PORK FAT

Pursuant to the authority conferred by law upon the Secretary of Agriculture, Subchapter A, Chapter I, Title 9, Code of Federal Regulations [B.A.I. Order 211, Revised], as amended, is hereby further amended, effective November 1, 1940, by adding paragraphs (cc) and (dd) to § 1.1 [regulation 1, section 1, paragraphs 29 and 30] as follows:

(cc) *Lard*. The fat rendered from fresh, clean, sound, fatty tissues from hogs in good health at the time of slaughter, with or without lard stearin or hardened lard. The tissues do not include bones, detached skin, head fat, ears, tails, organs, windpipes, large blood vessels, scrap fat, skimmings, settlings, pressings, and the like, and are reasonably free from muscle tissue and blood.

(dd) *Rendered pork fat*. The fat, other than lard, rendered from clean, sound carcasses, parts of carcasses, or edible organs from hogs in good health at the time of slaughter, except that stomachs, tails, bones from the head and bones from cured or cooked pork are not included. The tissues rendered are usually fresh, but may be cured, cooked, or otherwise prepared and may contain some meat food products. Rendered pork fat may be hardened by the use of lard stearin and/or hardened lard and/or rendered pork fat stearin and/or hardened rendered pork fat.

Done at Washington, D. C., this 13th day of August 1940. Witness my hand and seal of the Department of Agriculture.

[SEAL]

H. A. WALLACE,  
Secretary of Agriculture.

[F. R. Doc. 40-3382; Filed, August 13, 1940; 3:36 p. m.]

## TITLE 14—CIVIL AVIATION

## CHAPTER I—CIVIL AERONAUTICS BOARD

[Amendment 2, § 228.1, Economic Regulations]

## FREE TRAVEL FOR POSTAL EMPLOYEES

At a session of the Civil Aeronautics Board of the Civil Aeronautics Authority held at its offices in Washington, D. C., on the 12th day of August, 1940.

The Civil Aeronautics Board, acting pursuant to the Civil Aeronautics Act of 1938, particularly sections 205 (a) and 405 (m) thereof, and deeming its action necessary to carry out the provisions of said Act and to perform its powers and

duties thereunder, hereby makes and promulgates the following regulation:

1. Section 228.1 of the Economic Regulations, as amended, is hereby amended by adding at the end of paragraph (b) thereof the following:

"6. The Superintendent, Thirteenth Division, Railway Mail Service, when traveling between his headquarters in Seattle, Wash., and Alaska, or within Alaska, on official business relating to his jurisdiction over the transportation of mail by aircraft to, from, and within Alaska."

2. This regulation shall become effective immediately.

By the Civil Aeronautics Board.

[SEAL]

THOMAS G. EARLY,  
Acting Secretary.

[F. R. Doc. 40-3380; Filed, August 13, 1940; 1:22 p. m.]

## TITLE 16—COMMERCIAL PRACTICES

## CHAPTER I—FEDERAL TRADE COMMISSION

[Docket No. 3534]

IN THE MATTER OF J. E. BERNARD & COMPANY, INC.

§ 3.69 (b) (9) *Misrepresenting oneself and goods—Goods—Old, secondhand or reconstructed as new—Old and used as unused or new: § 3.71 (c) Neglecting, unfairly or deceptively, to make material disclosure—Old and used as unused or new.* Offering for sale, selling or delivering to others for sale to the public, in connection with offer, etc., in commerce with foreign countries, of spark plugs, any spark plug which has been used and thereafter reconditioned in any manner unless the word "used" or "secondhand" or "reconditioned", or some other word or words of similar import and meaning, have been permanently stamped or fixed on each of such spark plugs in a color in contrast to the surface to which the word is applied and of a size and in such location as to be clearly legible to the purchasers thereof after the same shall have been installed, and unless there has been plainly printed or marked on the boxes, cartons or other containers in which such spark plugs are sold or offered for sale a notice that said spark plugs are used, second-hand or reconditioned, prohibited. (Sec. 5, 38 Stat. 719, as amended by Sec. 3, 52 Stat. 112; 15 U.S.C., Supp. IV, sec. 45b) [Cease and desist order, J. E. Bernard & Company, Inc., Docket 3534, July 8, 1940]

## ORDER TO CEASE AND DESIST

At a regular session of the Federal Trade Commission, held at its office in the City of Washington, D. C., on the 8th day of July, A. D. 1940.

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, the answer

of respondent, J. E. Bernard & Company, Inc., and the stipulation as to the facts entered into by and between W. T. Kelley, Chief Counsel for the Federal Trade Commission and John Wilson Hood, attorney for the respondent, and, pursuant to such stipulation, on the record, briefs and arguments in the matter of "Peter Sanders, Harry Sanders and Samuel Sanders, individuals, doing business as The Perfect Recondition Spark Plug Company, and Samuel Sanders, an individual, doing business as Ace Auto Supply Company, Docket No. 3392", and the Commission having made its findings as to the facts and its conclusion that said respondent has violated the provisions of the Federal Trade Commission Act;

It is ordered, That the respondent, J. E. Bernard & Company, Inc., its officers, representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of spark plugs in commerce with foreign countries, do forthwith cease and desist from:

Offering for sale, selling or delivering to others for sale to the public, any spark plug which has been used and thereafter reconditioned in any manner unless the word "used" or "second-hand" or "reconditioned", or some other word or words of similar import and meaning, have been permanently stamped or fixed on each of such spark plugs in a color in contrast to the surface to which the word is applied and of a size and in such location as to be clearly legible to the purchasers thereof after the same shall have been installed, and unless these have been plainly printed or marked on the boxes, cartons or other containers in which such spark plugs are sold or offered for sale a notice that said spark plugs are used, second-hand or reconditioned.

It is further ordered, That the respondent shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which it has complied with this order.

By the Commission.

[SEAL]

OTIS B. JOHNSON,  
Secretary.

[F. R. Doc. 40-3389; Filed, August 14, 1940; 11:34 a. m.]

## Notices

## DEPARTMENT OF AGRICULTURE.

Rural Electrification Administration.  
[Administrative Order No. 498]

ALLOCATION OF FUNDS FOR LOANS

AUGUST 8, 1940.

By virtue of the authority vested in me by the provisions of Section 5 of the



Rural Electrification Act of 1936, as amended, I hereby allocate, from the sums authorized by said Act, funds for a loan for the project and in the amount as set forth in the following schedule:

Project Designation: Amount  
Georgia 1-8100R1 Walton..... \$25,000

[SEAL] HARRY SLATTERY,  
Administrator.

[F. R. Doc. 40-3390; Filed, August 14, 1940;  
11:51 a. m.]

[Administrative Order No. 499]

#### ALLOCATION OF FUNDS FOR LOANS

AUGUST 8, 1940.

By virtue of the authority vested in me by the provisions of Section 4 of the Rural Electrification Act of 1936, as amended, I hereby allocate, from the sums authorized by said Act, funds for loans for the projects and in the amounts as set forth in the following schedule:

Project Designation: Amount  
Florida 1018C1 Sumter..... \$112,000  
Louisiana 1006C1 St. Mary..... 26,000  
North Carolina 1047A1 Wake..... 325,000  
North Carolina 1049A1 Surry..... 250,000  
North Carolina 1050A1 Wayne..... 306,000  
North Carolina 1052A1 Cumberland..... 270,000

[SEAL] HARRY SLATTERY,  
Administrator.

[F. R. Doc. 40-3391; Filed, August 14, 1940;  
11:51 a. m.]

[Administrative Order No. 500]

#### ALLOCATION OF FUNDS FOR LOANS

AUGUST 8, 1940.

By virtue of the authority vested in me by the provisions of Section 4 of the Rural Electrification Act of 1936, as amended, I hereby allocate, from the sums authorized by said Act, funds for loans for the projects and in the amounts as set forth in the following schedule:

Project designation: Amount  
Alabama 1030B1 Autauga..... \$225,000  
Colorado 1007D1 Mesa..... 115,000  
Florida 1017C1 Jackson..... 75,000  
Illinois 1040B1 Macoupin..... 94,000  
Indiana 1052B2 Ripley..... 285,000  
Minnesota 1018E1 Douglas..... 391,000  
Pennsylvania 1017C1 Armstrong..... 233,000  
Tennessee 1026A1 Loudon..... 225,000

[SEAL] HARRY SLATTERY,  
Administrator.

[F. R. Doc. 40-3392; Filed, August 14, 1940;  
11:51 a. m.]

#### Surplus Marketing Administration.

#### DESIGNATION OF AREAS UNDER SURPLUS FOOD STAMP PROGRAM

Pursuant to the applicable regulations and conditions prescribed by Henry A. Wallace, Secretary of Agriculture of the United States of America, the following areas are hereby designated as areas in which food order stamps may be used:

The area within the city limits of New Bedford, Massachusetts, and the immediate environs thereof as defined by the local representative of the Surplus Marketing Administration. The posting of the definition of "the immediate environs" in the office of the local representative of the Surplus Marketing Administration shall constitute due notice thereof.

The area within the county limits of Colbert County, Alabama, and such area adjacent thereto as may seem desirable to effectuate the program.

The area within the county limits of Lauderdale County, Alabama, and such area adjacent thereto as may seem desirable to effectuate the program.

The posting of the definition of "and such area adjacent thereto" in the office of the local representative of the Surplus Marketing Administration shall constitute due notice thereof.

The effective dates for the above-mentioned areas shall be announced by the local representative of the Surplus Marketing Administration for the respective areas in local newspapers of general circulation.

[SEAL] PHILIP F. MCGUIRE,  
Assistant Administrator.

AUGUST 13, 1940.

[F. R. Doc. 40-3381; Filed, August 13, 1940;  
3:36 p. m.]

#### FEDERAL TRADE COMMISSION.

[Docket No. 4227]

IN THE MATTER OF ARTHUR M. FLORMAN AND LEO FLORMAN, INDIVIDUALLY AND TRADING AS A. M. FLORMAN & BRO.

#### COMPLAINT

The Federal Trade Commission, having reason to believe that the parties respondent named in the caption hereof and hereinafter more particularly designated and described, since June 19, 1936, have violated and are now violating the provisions of subsection (c) of Section 2 of the Clayton Act, as amended by the Robinson-Patman Act, approved June 19, 1936 (U.S.C. Title 15, Sec. 13), hereby issues its complaint, stating its charges with respect thereto as follows:

PARAGRAPH 1. Respondents, Arthur M. Florman and Leo Florman, are individuals trading under the name A. M. Florman and Bro. with their principal office and place of business located at 134 West 32nd Street, New York, New York. Said respondents Arthur M. Florman and Leo Florman are engaged in business as commission resident buyers of millinery. In the course of their said business, respondents act as purchasing agents for and in behalf of approximately 40 retail millinery and department stores located in the several states of the United States.

The manner of operation of respondents' business consists in receiving from

one of said retail millinery or department stores a request to order certain millinery having general specifications as to size, color, style, quantity and approximate price. Respondents locate a millinery manufacturer, and on behalf of the proposed purchaser place an order for millinery meeting the general requirements of the initial request. The order upon the manufacturer specifies the name of the purchaser and an order blank, invoice, bill, delivery and other necessary documents of sale all record the transaction between the manufacturer and the purchaser as though the purchaser has made the purchase in person.

New York City is the center of the millinery industry in the United States and retail millinery dealers and department stores located in other states of the United States undergo the expenditure of a certain proportion of their dollar sales volume to cover the cost of purchasing millinery from the millinery center in New York City. In the course and conduct of their business respondents are in direct competition with buying offices maintained in New York City by millinery dealers and department stores located in various states of the United States, and with buyers known as "Fee" buyers who are regularly employed and compensated by retail milliners and department stores from other states buying in New York City.

Among the retailers of millinery for whom respondents act as buying agents are Sydney Fruhman, doing business as Sydney Fruhman Millinery Company, Dallas, Texas; Bradshaw Millinery Company, Charlotte, North Carolina; A. W. Cox Department Store, Parkersburg, W. Va.; Friedlander Corporation, Moultrie, Georgia; R. C. Brown, Norfolk, Virginia; Gordon's Department Store, Winona, Mississippi; Haig Millinery, Warren, Iowa; Handelman Bros., Marlin, Texas; J. N. McCracken, Billings, Montana; L. B. Murphy, Casper, Wyoming; Gorin's Inc., Fall River, Massachusetts; K. Wolins, Tyler, Texas; H. E. Norland, Burwell, Nebraska; Golden Rule Store, Shadron, Nebraska; The Fashion, Waycross, Georgia; Fair Store, Lexington, Kentucky; and J. P. Croff, Rexburg, Idaho.

PAR. 2. In the course and conduct of their business respondents place orders for millinery with 25 or more manufacturers of millinery located in New York City. Among such manufacturers are the following: Alben Hat Company, Dandy Hat Company, Gildor Hat Company, Gold Seal Hat Company, Sam Way, Inc., Braeburn Company, Wel-rose Hat Corporation, Elwyn Hat Company, Wank & Levine, Atlas Hat Company, Salfair, Inc., M. Barsky, Melvina Hat Company, Parad Hat Company, Jeanar Hat Company, Climax Hat Company, King Innovations Company, Georgeman Hats, Greenburg Bros., Joe-Marr Hat Com-



pany, Jaymore Hats, Kass Bros. Mfg. Co., Inc., and Biltmore Hat Corporation.

The manufacturers named in this paragraph are hereinafter referred to as "sellers".

PAR. 3. Each of said sellers is engaged in the sale of millinery to the retailer principals of respondents Arthur M. Florman and Leo Florman, and to other customers in states other than the State of New York, pursuant to which sales, millinery is shipped and caused to be transported by each of said sellers into and through various states of the United States to their respective customers. Said sellers are fairly typical and representative members of a large group of manufacturers and sellers engaged in selling their merchandise in interstate commerce to retailer clients of respondents, Arthur M. Florman and Leo Florman and to competitors of said respondents, being the buying offices and "Fee" buyers maintained in New York City by retail milliners and department stores doing business in other states of the United States.

In the course of the purchasing transactions by the respondents Arthur M. Florman and Leo Florman under the name of A. M. Florman and Bro., as set forth in Paragraph One hereof, said sellers have since June 19, 1936, transmitted, paid and delivered and do transmit, pay and deliver to said respondents Arthur M. Florman and Leo Florman under the name A. M. Florman & Bro., commissions, the same being a certain percentage of the sales prices agreed upon between each of the said sellers and the respondents in the orders for merchandise placed by the respondents for their principals; and said respondents since June 19, 1936, have received and accepted and are receiving and accepting such commissions on purchases of merchandise by some 40 retail millinery and department stores who are the actual purchasers in such transactions, and in whose behalf said Arthur M. Florman and Leo Florman have been and are in fact acting.

PAR. 4. The foregoing acts and practices are in violation of subsection (c) of Section 2 of the Clayton Act as amended.

Wherefore, the premises considered, the Federal Trade Commission on this 7th day of August, A. D. 1940, issues its complaint against said respondents.

#### NOTICE

Notice is hereby given you, Arthur M. Florman and Leo Florman, individually and trading as A. M. Florman & Bro., respondents herein, that the 13th day of September, A. D. 1940, at 2 o'clock in the afternoon, is hereby fixed as the time, and the offices of the Federal Trade Commission in the City of Washington, D. C., as the place, when and where a hearing will be had on the charges set forth in this complaint, at which time and place you will have the right, under said Act, to appear and show cause why an order should not be entered by said

Commission requiring you to cease and desist from the violations of the law charged in the complaint.

You are notified and required, on or before the twentieth day after service upon you of this complaint, to file with the Commission an answer to the complaint. If answer is filed and if your appearance at the place and on the date above stated be not required, due notice to that effect will be given you. The Rules of Practice adopted by the Commission with respect to answers or failure to appear or answer (Rule IX) provide as follows:

In case of desire to contest the proceeding the respondent shall, within twenty (20) days from the service of the complaint, file with the Commission an answer to the complaint. Such answer shall contain a concise statement of the facts which constitute the ground of defense. Respondent shall specifically admit or deny or explain each of the facts alleged in the complaint, unless respondent is without knowledge, in which case respondent shall so state.

Failure of the respondent to file answer within the time above provided and failure to appear at the time and place fixed for hearing shall be deemed to authorize the Commission, without further notice to respondent, to proceed in regular course on the charges set forth in the complaint.

If respondent desires to waive hearing on the allegations of fact set forth in the complaint and not to contest the facts, the answer may consist of a statement that respondent admits all the material allegations of fact charged in the complaint to be true. Respondent by such answer shall be deemed to have waived a hearing on the allegations of fact set forth in said complaint and to have authorized the Commission, without further evidence, or other intervening procedure, to find such facts to be true, and if in the judgment of the Commission such facts admitted constituted a violation of law or laws as charged in the complaint, to make and serve findings as to the facts and an order to cease and desist from such violations. Upon application in writing made contemporaneously with the filing of such answer, the respondent, in the discretion of the Commission, may be heard on brief, in oral argument, or both, solely on the question as to whether the facts so admitted constitute the violation or violations of law charged in the complaint.

In witness whereof, the Federal Trade Commission has caused this, its complaint, to be signed by its Secretary, and its official seal to be hereto affixed, at Washington, D. C., this 7th day of August, A. D. 1940.

By the Commission.

[SEAL]

OTIS B. JOHNSON,  
Secretary.

[F. R. Doc. 40-3385; Filed, August 14, 1940;  
11:22 a. m.]

## SECURITIES AND EXCHANGE COMMISSION.

[File No. 59-10]

IN THE MATTER OF THE NORTH AMERICAN COMPANY AND ITS SUBSIDIARY COMPANIES, RESPONDENTS

### SUPPLEMENTAL NOTICE AND ORDER ADDING CERTAIN PARTIES AS RESPONDENTS

At a regular session of the Securities and Exchange Commission, held at its office in the City of Washington, D. C., on the 13th day of August, A. D. 1940.

The Commission, on March 8, 1940, having issued a Notice Of and Order for Hearing<sup>1</sup> pursuant to section 11 (b) (1) of the Public Utility Holding Company Act of 1935 in the above-captioned matter (hereinafter referred to as the Notice Of and Order for Hearing of March 8, 1940); and it appearing that:

#### I

Ten per centum (10%) or more of the outstanding voting securities of The Detroit Edison Company, a corporation organized under the laws of the State of New York, are directly or indirectly owned, controlled, and held with power to vote by respondent, The North American Company and said The Detroit Edison Company is therefore a subsidiary company of The North American Company, a registered public utility holding company, within the meaning of the Public Utility Holding Company Act of 1935, and an application by said The Detroit Edison Company filed with this Commission pursuant to Section 2 (a) (8) of said Act, for an order declaring such applicant not to be a subsidiary company of said registered holding company, which application was pending before this Commission at the time of the entry of the Notice Of and Order for Hearing on March 8, 1940, has been duly heard, considered and by order of this Commission of August 5, 1940, denied. Said The Detroit Edison Company owns and operates in the State of Michigan facilities used for the generation, transmission and distribution of electric energy for sale and is an electric utility company as defined in the Act. It also owns and operates in said state facilities used for the production and distribution of manufactured gas for sale at retail and is a gas utility company as defined in the Act. Said company also owns and operates in said state facilities used for the production of steam and for its distribution for heating purposes.

#### II

Ten per centum (10%) or more of the outstanding voting securities of the following companies are directly or indirectly owned, controlled, and held with power to vote by said The Detroit Edison Company, and said companies are, therefore, subsidiary companies of The De-

<sup>1</sup> 5 F.R. 1026.



troit Edison Company and of The North American Company:

(1) Huron Farms Company, a corporation organized under the laws of the State of Michigan, is a real estate company owning and managing land and other properties.

(2) The Edison Illuminating Company of Detroit, a corporation organized under the laws of the State of Michigan, is an investment company.

(3) Essex County Light and Power Company, Ltd., a corporation organized under the laws of Canada, is an inactive company owning and holding assets.

(4) The Peninsular Electric Light Company, a corporation organized under the laws of the State of Michigan, is an inactive company owning and holding assets.

(5) St. Clair Edison Company, a corporation organized under the laws of the State of Michigan, is an inactive company owning and holding assets.

(6) The Washtenaw Light and Power Company, a corporation organized under the laws of the State of Michigan, is an inactive company owning and holding assets.

### •III

And it appearing further to the Commission that The Detroit Edison Company, Huron Farms Company, The Edison Illuminating Company of Detroit, Essex County Light and Power Company, Ltd., The Peninsular Electric Light Company, St. Clair Edison Company, and The Washtenaw Light and Power Company are properly parties to the proceeding instituted pursuant to the Notice of and Order for Hearing of March 8, 1940, in that the said companies may be directly or indirectly affected by the carrying out of Section 11 (b) (1) of the Public Utility Holding Company Act of 1935, and that, accordingly, said companies should be named Respondents therein;

And it appearing further to the Commission that said companies, although not made Respondents in this proceeding in or by said Notice Of and Order for Hearing of March 8, 1940, were duly served with copies of said Notice and Order and were thereby notified of the pendency of this proceeding, of the direction by the Commission for the holding of hearings for the reception of evidence herein, and were offered an opportunity to intervene in this proceeding, of which opportunity to intervene none of said companies has availed itself;

Now, therefore, it is ordered, That said The Detroit Edison Company, Huron Farms Company, The Edison Illuminating Company of Detroit, Essex County Light and Power Company, Ltd., The Peninsular Electric Light Company, St. Clair Edison Company, and The Washtenaw Light

and Power Company are hereby made respondents to the aforesaid proceeding and the said Respondents together with The North American Company and such of the Respondents named in the Notice Of and Order for Hearing of March 8, 1940, as may see fit so to do, shall file with the Secretary of the Commission on or before August 31, 1940, their joint or several answers admitting, denying or otherwise explaining their respective positions as to the allegations set forth hereinabove, and said Respondents made such by this Supplement Notice and Order shall by their said answers admit, deny or otherwise explain their respective positions as to the allegations set forth in the Notice Of and Order for Hearing of March 8, 1940, and said Respondents may, in such answers, include a statement of the claim of such Respondents, or any of them, as to the action, if any, which is necessary and should be required to be taken by any of such Respondents (including the divestment of control, securities or other assets) to limit the operations of each of the registered holding companies, heretofore named in the Commission's order issued March 8, 1940, to a single integrated public-utility system and to such other businesses as are reasonably incidental or economically necessary or appropriate to the operations of such integrated public-utility system.

It is further ordered, That said Respondents, made such by this Supplemental Notice and Order, be, and they are hereby, permitted to appear, adduce evidence, and participate in the hearings presently in progress in this proceeding as fully and to the same extent as if said Respondents had been made parties in and by the original Notice Of and Order for Hearing of March 8, 1940.

It is further ordered, That the Secretary of the Commission shall serve this Supplemental Notice and Order upon said Respondents The Detroit Edison Company, Huron Farms Company, The Edison Illuminating Company of Detroit, Essex County Light and Power Company, Ltd., The Peninsular Electric Light Company, St. Clair Edison Company, and The Washtenaw Light and Power Company and each of them, by mailing a copy of this Notice and Order by registered mail to each of said Respondents, and the Secretary of the Commission shall also mail a copy of this Notice and Order to each of the Respondents named as such in the Notice Of and Order for Hearing of March 8, 1940, and to each intervenor herein, and that a copy of this Supplemental Notice and Order be published in the FEDERAL REGISTER.

By the Commission.

[SEAL]

ORVAL L. DuBOIS,  
Recording Secretary.

[F. R. Doc. 40-3386; Filed, August 14, 1940;  
11:29 a. m.]

[File No. 67-17]

## IN THE MATTER OF NORTHEASTERN WATER AND ELECTRIC CORPORATION

### ORDER RELATING TO EFFECTIVENESS OF DECLARATION

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 13th day of August A. D. 1940.

This Commission having heretofore under date of August 2, 1940, duly entered an order subject to certain conditions contained therein in the above-entitled proceedings, approving an application pursuant to section 10 (a) (1) of the Public Utility Holding Company Act of 1935 and allowing a declaration filed pursuant to Rule U-12B-1 promulgated under the Act to become effective, both filings having been made by Northeastern Water and Electric Corporation, a registered holding company, and setting forth the terms of certain transactions whereby Northeastern Water and Electric Corporation was to loan certain sums of money to 21 of its wholly-owned subsidiaries, such loans being evidenced by promissory notes bearing interest at 5% per annum;

Said order providing among other things that the Commission reserve jurisdiction over the proposed loan of \$58,000 to Presque Isle Water Company, one of the 21 wholly-owned subsidiaries embraced in the transactions set forth in the above-described declaration and application;

Whereas Northeastern Water and Electric Corporation has now requested that the Commission allow it to loan \$8,000 to Presque Isle Water Company, said loan to be evidenced by a promissory demand note bearing interest at the rate of 5% per annum, and the proceeds of the loan to be entirely used for physical plant and property improvement;

The Commission deeming it appropriate in the public interest and in the interest of investors and consumers to now permit the declaration, pursuant to Rule U-12B-1 to become effective to the extent of a loan of \$8,000 to Presque Isle Water Company, and finding with respect to the application under Section 10 of the Act, embracing the acquisition of the demand promissory note evidencing the loan, that no adverse findings are necessary under Section 10 (b) and Section 10 (c) (1), and that Section 10 (c) (2) is inapplicable.

It is ordered, That the above-described declaration be and become effective to the extent of an \$8,000 loan, by Northeastern Water and Electric Corporation to Presque Isle Water Company; and further that the application filed pursuant to Section 10 (a) (1) in respect to the acquisition of a 5% demand promissory note evidencing such loan be



approved; the following terms and conditions being imposed:

1. That the steps involved in carrying out the loan be effected as set forth in and for the purposes represented by the declaration and application as amended.

2. That the Commission presently reserves jurisdiction over the remaining \$50,000 of the proposed loan to Presque Isle Water Company.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,  
Secretary.

[F. R. Doc. 40-3387; Filed, August 14, 1940;  
11:29 a. m.]

[File No. 70-137]

IN THE MATTER OF SAN ANTONIO PUBLIC  
SERVICE COMPANY

NOTICE REGARDING FILING

At a regular session of the Securities and Exchange Commission, held at its office in the City of Washington, D. C., on the 13th day of August, A. D. 1940.

Notice is hereby given that a declaration or application (or both), has been filed with this Commission pursuant to the Public Utility Holding Company Act of 1935 by the above named party or parties; and

Notice is further given that any interested person may, not later than August 29th, 1940, at 4:30 P. M., E. S. T., or 1:00 P. M., E. S. T., if such date be a Saturday, request the Commission in writing that a hearing be held on such matter, stating the reasons for such request and the nature of his interest, or may request the he be notified if the Commission should order a hearing thereon. At any time thereafter such declaration or application, as filed or as amended, may become effective or may be granted, as provided in Rule U-8 of the Rules and Regulations promulgated pursuant to said Act. Any such request should be addressed: Secretary, Securities and Exchange Commission, Washington, D. C.

All interested persons are referred to said declaration or application, which is on file in the office of said Commission, for a statement of the transactions therein proposed, which are summarized below:

Applicant states that it proposes to issue and sell publicly through underwriters \$16,500,000 of First Mortgage Bonds, 3½% Series due 1970, and to apply the net proceeds from such sale, together with funds from the company's treasury, to the redemption of \$16,500,000

of First Mortgage Bonds, 4% Series due 1963, at 105% of the principal amount thereof, which exclusive of accrued interest to the redemption date will require the sum of \$17,325,000.

Applicant states that it also proposes to borrow \$1,890,000 from various banks, said loans to be evidenced by the company's 2¾% Notes for said aggregate principal amount maturing \$135,000 each six months on October 15, 1941, on April 15 and October 15 in each of the years 1942 to 1947, inclusive, and on April 15, 1948, and to apply the proceeds from such loans together with funds from the company's treasury to the redemption of the company's 4% Serial Notes, due on April 15 of the years 1942 to 1948, both inclusive, aggregating \$1,870,000 principal amount, at redemption prices varying from 104% to 100½%, which exclusive of the accrued interest to the redemption date will require the sum of \$1,901,050.

Applicant states that the names of the underwriters and the price to the underwriters and to the public will be supplied by amendment.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,  
Secretary.

[F. R. Doc. 40-3388; Filed, August 14, 1940;  
11:29 a. m.]

